

# **The U.S. Department of Transportation**

## **FY06 FAIR Act Inventory Guidance:**

### **Overview**

**Office of Competitive Sourcing**

**December 2, 2005, Version 1.0**

## 1.0 INTRODUCTION

Beginning with the development of the 2006 FAIR Act Inventory<sup>1</sup>, the Department of Transportation (DOT) Office of Competitive Sourcing (OCS) will provide additional tools to help Operating Administrations (OAs) meet competitive sourcing statutory reporting requirements. In 2005, the Office of Management and Budget (OMB) expanded and issued additional guidance on how to write justifications for commercial functions using reason Code A, which included justifications for core competencies, internships, diversity, set-asides for people with disabilities, and career ladder positions. This is a welcome and long overdue acknowledgement that the FAIR Act Inventory is more than a mechanical exercise in counting budgeted Full Time Equivalent (FTE) positions and filling in spreadsheets. When used correctly, it can become part of an agency's method of determining strategic human capital planning for its future.

To achieve consistency and improve the DOT FAIR Act Inventory, the OCS consulted with OMB, other Federal Agencies, and Executive Committees. The outcome of the consultations prompted the DOT to include additional best practices in the development of the Fiscal Year 06 FAIR Act Inventory.

OMB anticipates additional guidance for FY06 that will include agencies submitting justifications for all inherently governmental (IG) FTE. The DOT included the IG justifications in FY05 and will include it in the FY06 guidance. In addition OMB has emphasized the importance of using the FAIR Act Inventory for Human Capital Management. In the future, the DOT will use the FAIR Act Inventory for Human Capital Management and strategic planning.

## 2.0 BEST PRACTICES

In August of 2005, the Chief Acquisition Officers Council issued a draft discussion offering agencies best practices and guiding references on "Managing the Workforce Inventory Development Process." Additional best practices for the FAIR Act Inventory have been recommended by the Office of Management and Budget (OMB) and the Executive Steering Committee to be included into Agency guidance. The following list contains some of the best practices the Department of Transportation (DOT) has included in the FY06 FAIR Act Inventory guidance:

1. Develop an agency wide timeline of activities
2. Provide FAIR Act Inventory training
3. Develop processes and procedures for developing and submitting FAIR Act Inventories
4. Provide updated guidance
5. Provide examples of inherently governmental (IG) and commercial activities and justifications

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<sup>1</sup> FAIR Act Inventory is an inclusive term that represents the FAIR Act Inventory of Commercial Activities and the requirements of OMB Circular A-76 Attachment A requiring annual submission of (a) inventory of commercial activities performed by government personnel; (b) an inventory of inherently governmental activities performed by government personnel.

### 3.0 TIMELINE

The Office of Competitive Sourcing (OCS) is preparing guidance for all Operating Administrations Competitive Sourcing Coordinators (OACSC) to use in the development of their FAIR Act Inventory. The OCS recognizes that developing the FAIR Act Inventory has been a repetitive task that can be better organized and consistent. Best practices shows that implementing a timeline of tasks can help agencies develop process improvements and a more consistent FAIR Act Inventory. The OCS has developed such a timeline and has included it in the FY06 guidance.

The following table is a summary of identified tasks for the development of the FY06 FAIR Act Inventory.

**Table 1-1: Timeline of the FY06 FAIR Act Inventory Development**

FAIR Inventory Annual Timeline			
October-December	January-March	April - June	July - September
OCS issues FAIR Act Inventory guidance	OCS conducts additional FAIR Act Inventory training	OACSC submit Inventory with IG and C reason Code A justifications to OCS	OCS performs complete analysis of IG and Reason Code A justifications submitted
OACSC reviews current inventory and matches against future human capital needs as dictated by Human Capital Plan	OCS develops checklist for analysis of OACSC FAIR Inventory submission	OCS analyzes justification submissions	If OMB finds OACSC justifications insufficient, the OCS may be consulted for advice and council
OACSC responds to challenges	OCS responds to appeals	OCS conducts meetings with OACSC to make necessary adjustments	OCS sets guidelines for response to data calls for requests from OMB
OACSC reviews updated inventory and compares to long range strategic goals		OCS rolls up FAIR Inventories and submits to OMB with justifications	OCS schedules workshops with OACSC to create / update guidance and set working guidelines for next year's submission
OCS conducts initial meeting with OACSC to answer questions or concerns			
OCS conducts FAIR Act Inventory training			

*The timeline is notional and subject to change*

### 3.1 October – December

During this time frame, the OCS and OACSCs have different responsibilities, but share the goal of meeting the DOT and OMB requirements of the FY05 and FY06 Fair Act Inventories. This is a crucial time period when management can use the FAIR Act Inventory to influence coding and plan for the future of their organization.

The following table identifies specific tasks to be performed by the OCS and OACSCs in conjunction with OMB.

October – December		
Office of Management and Budget	DOT Office of Competitive Sourcing	Operating Administration Competitive Sourcing Coordinators
Reviews annual submissions	Consults with OACSC on guidance or function codes	Assess human capital needs as indicated by anticipated retirements or changes in skills or strategic plans which increase/decrease/reallocate workload, or any and all other factors which impact their FTE
Consults with agencies on inventory composition	Conducts overview training	Attend training
When approved, posts a Federal Register notice stating inventories are available for public review and challenge	Responds to Appeals	Respond to FAIR Act Inventory challenges

*The timeline is notional and subject to change*

#### 3.1.1 Appeals and Challenges

This time period requires OACSCs and the OCS to focus on the FY05 Inventory challenges while planning for the FY06 Inventory. OMB FAIR Act Inventory release dates for the DOT have usually been in November and December, but may fluctuate. Therefore, the OCS will review the fiscal year FAIR Act Inventory and consult with OACSCs and prepare for any challenges or appeals. This will assure that the DOT will be able to respond consistently and efficiently. Once OMB posts the federal register notice, OACSCs will respond to challenges by interested parties in accordance with OMB and DOT guidelines found at <http://www.dot.gov/ost/m60/fairact/>. The OCS will be available for consultation on Competitive Sourcing issues. Human Resources should be consulted on Human Capital issues.

#### 3.1.2 Training and Guidance

The OCS has elected to implement FAIR Act Inventory training and provide guidance on an ongoing basis. This will include developing new or changing guidelines, consulting with OACSCs, and providing ongoing training. Initial training will be performed in December, with additional training in January and February, as needed.

### 3.2 January – March

During this quarter, OMB will remain focused on posting notices and developing and finalizing any additional guidelines. The tasks for OCS and OACSCs will remain focused on preparing the FY06 FAIR Act Inventory. The following table includes some additional tasks.

January – March		
Office of Management and Budget	DOT Office of Competitive Sourcing	Operating Administration Competitive Sourcing Coordinators
When approved, posts a Federal Register notice stating inventories are available for public review and challenge	Prepare and provide FAIR Act Inventory training	Attend FAIR Act Inventory training
Issue guidance for annual submission	Obtain and provide FAIR Act Inventory consultation	Conduct Inventory preparation
	Address issues as they arise	Snapshot of FTE
	Develop Inventory adherence checklist	Review current positions and position descriptions and budgeted FTE

*The timeline is notional and subject to change*

#### 3.2.1 Final Guidance and Training

The OCS will be using this time to finalize guidance and perform training. In addition, the OCS will be analyzing last fiscal year Inventory for inconsistencies.

#### 3.2.2 Inventory Consistency

The OCS will use this time to develop a checklist that each OACSC must adhere to when developing their FAIR Act Inventory. The checklist will include all areas where the FAIR Act Inventory needs improvement or consistency. The OCS wants to monitor, but at a minimum would check completeness of the inventory, as matched against budgeted FTE, and assure compliance and adherence to function code guidance. The OACSCs will be responsible for adhering to the checklist.

One element of the checklist and part of the DOT FY06 Inventory guidance includes that justifications for all IG and commercial (C) reason Code A FTE be submitted. The OCS will work with OACSCs to develop a requirements template and format for submissions.

#### 3.2.3 Snapshot of FTE

Consistency of function code use and budgeted FTE between OAs is key to an accurate FAIR Act Inventory. The OCS guidance includes OASCS to take a “snapshot” of their FTE. A notional date for this snapshot is in mid January. OMB and Executive Steering Committee best practices includes that agencies use a data system, such as the FPPS, for a reference to assure budgeted FTE counts.

In 2005, the DOT FAIR Act guidance recommended OACSCs use the DOT Federal Personnel Payroll System (FPPS) datamart data to determine and assign Activity Function Codes to both commercial and inherently governmental positions. This is a best practice and will remain a part of the DOT guidance. For FY06, the OCS recommends that OACSCs use the FPPS data to complete the OMB Inventory database elements and determine the appropriate Activity Function Code as found in *Developing the 2005 Federal Activities Inventory Reform (FAIR) Act and Inherently Governmental Inventories: Guidance for DOT Agencies*.

### 3.2.4 Final Guidance

OMB may not issue final guidance during this time. However, OAs and OACSCs are responsible for a timely and accurate submission. Therefore, maintaining an accurate count of FTE requires OACSCs and OCS to update their inventories on an ongoing basis. This will allow for OACSCs to make minimal changes when the final OMB guidance is issued.

## 3.3 April - June

Submitting the DOT FAIR Act Inventory is the responsibility of the OCS. Maintaining an accurate and consistent FAIR Act Inventory is the responsibility of the OACSCs. The OCS will utilize this time and focus on providing information and consultation that will support OACSCs to develop and submit a final FAIR Act Inventory.

April – June		
Office of Management and Budget	DOT Office of Competitive Sourcing	Operating Administration Competitive Sourcing Coordinators
Issue guidance for annual submission	Conduct Inventory training	Attend training
	Prepare for Inventory submission	Update and prepare to submit FAIR Act Inventory
	Review and perform analysis on the inventory submissions and justifications for required components	Submits final inventory to Competitive Sourcing Office
	Review final inventory submissions and justifications	Consult with OCS and make corrections / adjustments to inventory
	Roll up the inventories and submit to OMB	

*The timeline is notional and subject to change*

### 3.3.1 Training

The OCS will hold training for FAIR Act Inventory OACSCs in actual entry into the OMB worksheets. This training usually takes a day and is meant to facilitate the mechanics of the data entry. It is a combination of presentation and actual practical application with participants encouraged to bring their concerns and questions with them to the session. It is also a forum for updating guidance or to alert coordinators as to new guidance from OMB.

### 3.3.2 FAIR Act Inventory Submission and Consistency

The OACSCs will utilize the checklist and guidance provided by OCS to assure adherence to OMB and DOT guidance. A notional timeline for OACSCs to submit their final FAIR Act Inventory and justifications to OCS is in mid April<sup>2</sup>. Following final submission, the OCS will perform a compliance review and schedule meetings as needed with OACSCs to correct and adjust any discrepancies discovered. The OCS will then compile all of the DOT Inventories and submit them to OMB by June 30<sup>th</sup> as mandated.

## 3.4 July – September

July - September		
Office of Management and Budget	DOT Office of Competitive Sourcing	Operating Administration Competitive Sourcing Coordinators
Consults with agencies on Inventory composition	Prepare for challenges	Prepare for challenges
	Refine and finalize guidelines for next FY submission and send to coordinators	Review guidelines and update as needed
	Instruct or provide guidance on appropriate data	Collect necessary data for the next FY Inventory
	Consult with OACSC on guidance or function codes	Collect data and review current positions and position descriptions and budgeted FTE
	Conduct meetings with appropriate offices to discuss future competitions and Green Plan updates	

*The timeline is notional and subject to change*

<sup>2</sup> OMB's future plans include the development and application of a web-based system that will allow individual OACSCs to submit their Inventory directly to OMB.

### ***3.4.1 Challenges***

After completion of the FAIR Act Inventory submission, the OCS will review both inherently governmental and commercial reason Code A justifications submitted by each OACSC. The review will consist of comparing the justification to OMB and DOT guidelines and consistency across OAs. During this time the OCS and OACSCs have time to discuss the coding in depth and compare the justifications to the guidance and clear up any questions the OACSCs may have about their justifications. This will allow OACSCs to have in-depth knowledge of their inventory and be prepared for any challenges. The OCS urges OACSCs to learn more about their workforce by reviewing position descriptions. This allows OACSCs to gain insight on possible challenges, identify function coding errors and justifications associated with the activities they perform.

### ***3.4.2 Future Guidance***

The OCS will hold a series of workshops each year for OACSCs and their coordinators. The summer workshop objective is to review the existing DOT FAIR Inventory guidance and update it with any new guidance on justifications, functional coding, and to establish the dates for the next year's submission deadlines. The OCS will review outcomes of the workshops and revise and update the guidance.